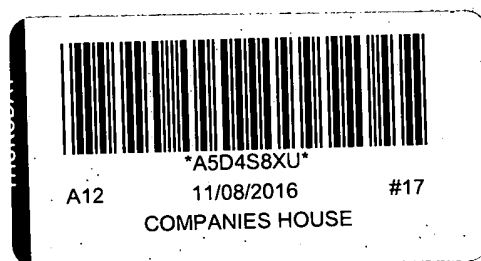


**FCA Dealer Services UK Ltd**  
**(Formerly FGA Wholesale UK Limited)**  
**Registered No. 04569800**

**Report and Financial Statements**  
**For the year ended 31 December 2015**



**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

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**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**CORPORATE INFORMATION**

<b>DIRECTORS</b>	Alexander Paul Hughes Giulio Viale Steven Michael Zanlunghi Carlo Von Guggenberg Christopher Duckworth
<b>INDEPENDENT AUDITORS</b>	Ernst & Young. LLP 25 Churchill Place Canary Wharf London E14 5HJ
<b>COMPANY SECRETARY</b>	Peter Farley
<b>BANKERS</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP  The Royal Bank of Scotland plc 250 Bishopsgate London EC2M 4AA
<b>SOLICITORS</b>	Payne Hicks Beach Solicitors 10 New Square Lincoln's Inn London WC2A 3QG
<b>REGISTERED OFFICE</b>	240 Bath Road Slough Berkshire SL1 4DX

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**STRATEGIC REPORT  
Year ended 31 December 2015**

**INTRODUCTION**

The principal activity of the company is the facilitation and management of consignment stocking facilities and other dealer financing services to the Fiat Chrysler Automobiles Group (FCA Group) in the UK.

**BUSINESS REVIEW**

The company provides stock funding and dealer financing services to the Fiat, Alfa Romeo, Chrysler, Jeep and Fiat Professional brands (FCA Group) in the UK. The company provides dealer financing facilities to two of the premium brands of the group – Ferrari and Maserati. Dealer financing consists of providing floor plan funding, funding of spare parts, demo, used and trade in vehicles and funding for specific Corporate Identity requirements of the FCA Group brands.

The company's financial performance during the year was strong and ahead of the budgeted / forecasted results for the year.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's major exposure to risk is on account of credit facilities to dealers and impact of dealer failures. The company has strong controls and ensures adherence to group credit and risk policies to minimise potential risks. Risk is also mitigated by way of charge on the vehicles financed, other securities such as bank guarantees, charge on properties and other collateral. The level of security depends on the financial strength of the dealerships as assessed in line with long established group policies.

The company's debtors are short term in nature and interest is charged on a floating rate basis (with monthly resets). The company's borrowing profile matches its receivables. Majority of the receivables and loans payable are not exposed to any foreign exchange risks. The company has a small portfolio of its receivables in Euros, which is funded by the group cash pooling facility in the same currency. The company, in addition to its annual forecasts, updates its holding company's central treasury with its cash flow requirements on a weekly basis. Liquidity for the business is ensured by way of cash management facilities and short term loans from the holding company.

The company has an exposure to potential fall in the value of new cars stock financed by it to the FCA Group dealer network in the event of return of any financed car by a dealer under the terms of the Sale or Return Agreement. Historical trends of such returns have been very low and the company is confident that they would continue to remain so in the future.

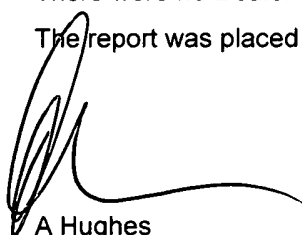
**FINANCIAL KEY PERFORMANCE INDICATORS**

The average amount financed by the company during the year was around £238m (2014: £210m). The company managed the financing of over 170 dealers for the FCA Group during the year.

**OTHER PERFORMANCE INDICATORS**

There were no Dealer failures resulting in a credit loss to the business during the year.

The report was placed before the board on 24th March 2016 and signed on its behalf by:



A Hughes  
DIRECTOR

24th March 2016

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**DIRECTORS' REPORT  
Year ended 31 December 2015**

The directors present their annual report on the affairs of FCA Dealer Services UK Limited ('the company') together with the financial statements and auditors' report for the year ended 31 December 2015.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

**GOING CONCERN**

The company's parent company is FCA Bank SpA, a company registered in Italy. FCA Bank SpA is owned 50% by FCA Italy SpA (the wholly owned subsidiary of Fiat Chrysler Automobiles NV) and 50% by Credit Agricole Consumer Finance SA (CACF), the wholly owned consumer credit subsidiary of Cr dit Agricole SA. The partnership between FCA Group and Credit Agricole is unique in the captive automotive finance sector and offers the company a combination of the commercial effectiveness of an industrial partner with a risk discipline and financial strength of a banking partner. On the basis of their assessment of the company's financial position and of the enquiries made of their holding company, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

The company's forecasts and projections, taking account of potential changes in trading performance show that the company should be able to operate within the level of its current facilities. The company meets its funding requirements through the group cash management facility and term loans from banks. The directors' expectation is that these facilities will be available for the foreseeable future.

The bank status of the company's parent company will provide the group with further opportunities for diversification of funding sources and enable it to offer even more innovative products and services to its customers.

The company is crucial to the growth aspirations of the FCA Group through the Dealer Channel. The company has managed to meet the growth in funding requirements while ensuring adherence to company and group policies on credit exposures. The company has not faced any significant losses on account of dealer failures.

In light of the above factors, the company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

**RESULTS AND DIVIDENDS**

The company recorded a profit after taxation of £4.4m (2014: £7.3m) and this has been transferred to reserves. The directors do not recommend payment of a dividend (2014: £nil).

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**DIRECTORS AND THEIR INTERESTS**

The names of the directors who served during the year were as follows:

<b>Name</b>	<b>Date appointed</b>	<b>Date resigned</b>
A Merchiori	10 October 2014	1 <sup>st</sup> September 2015
A Hughes	6 October 2010	
G Viale	3 January 2013	
S Zanlungchi	1 August 2012	
C Von Guggenberg	5 February 2015	
C Duckworth	30 July 2015	

The directors do not hold any beneficial interests in the shares of the company.

**FUTURE DEVELOPMENTS**

The UK is an important strategic market for the FCA Group. UK new car registrations for 2015 beat 2.6 million units for the first time, sealing four years of consecutive growth. The market has posted increases in all bar one of the past 46 months and a bumper December – the biggest ever, up 8.4% – saw 180,077 new cars registered. Overall, the market rose 6.3% in 2015 to 2,633,503 units – exceeding forecast and outperforming the last record year in 2003 when 2,579,050 new cars left the UK's showrooms. This is only the fourth time that the market has surpassed 2.5 million vehicles in a full year (source: SMMT). FCA group registrations (including Maserati) in 2015 were 84,434 (2014 –81,412) representing a market share of around 3.2%

The year 2016 will see the full year impact of some of the product launches in 2015, in particular the new 500, 500x and the Jeep Renegade. The Jeep brand was one of the fastest growing brands in the UK in 2015. The company is confident that this growth will continue in 2016 and will be further complemented by a few other key new model launches. The company's activities are a vital element of the brands registration and market share objectives through the Dealer channel.

The company finances a diverse range of vehicle brands, models and dealer networks which results in a good dispersion of risk.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each person who is a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

**AUDITORS**

The directors will place a resolution before the annual general meeting to reappoint Ernst and Young LLP as the auditors for the ensuing year in accordance with section 485 of the Companies Act 2006.

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**DIRECTORS' REPORT (continued)**  
**Year ended 31 December 2015**

**REGISTERED ADDRESS**

The registered address of the company is:

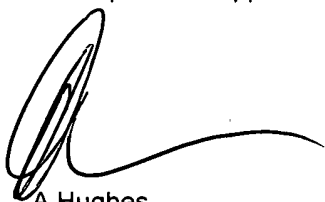
FIAT HOUSE

240 Bath Road,

Slough,

Berkshire SL1 4DX

The report was approved by the board on the 24th March 2016 and signed on its behalf by

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line that curves upwards at the end.

A Hughes

DIRECTOR

24th March 2016

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
Year ended 31 December 2015**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FCA DEALER SERVICES UK LIMITED**

We have audited the financial statements of FCA Dealer Services UK Ltd for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related note<sup>s</sup> 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Kenneth Eglinton (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

Ernst & Young LLP  
London  
24th March 2016

**FCA DEALER SERVICES UK LTD**  
**(FORMERLY FGA WHOLESALE UK LIMITED)**

**INCOME STATEMENT**  
**For the year ended 31 December 2015**

<b>Income Statement</b>	<b>Note</b>	<b>2015 £000</b>	<b>2014 £000</b>
<b>TURNOVER</b>	<b>1,2</b>	8,034	7,877
Administrative expenses	<b>3</b>	(3,476)	4,031
Other operating income		5,938	1,092
<b>OPERATING PROFIT</b>		10,496	13,000
Interest payable and similar charges	<b>6</b>	(4,957)	(3,643)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,539	9,357
Tax on profit on ordinary activities	<b>7</b>	(1,116)	(2,038)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		4,423	7,319

**FCA DEALER SERVICES UK LTD**  
**(FORMERLY FGA WHOLESALE UK LIMITED)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2015**

	2015	2014
	£000	£000
Profit for the financial year	4,423	7,319
Re-measurement gain/(loss) recognised on defined benefit pension schemes	(572)	(317)
Movement on deferred tax relating to pension liability	92	60
Total other comprehensive income/(loss)	(480)	(257)
Total comprehensive income for the year	<u>3,943</u>	<u>7,062</u>

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2015**

	Share capital	Profit and loss account	Total Equity
	£000	£000	£000
<b>At 1 January 2014</b>	20,500	12,390	32,890
Profit for the year	-	7,319	7,319
Other comprehensive income	-	(257)	(257)
<b>At 31 December 2014</b>	<u>20,500</u>	<u>19,452</u>	<u>39,952</u>

	Share capital	Profit and loss account	Total Equity
	£000	£000	£000
<b>At 1 January 2015</b>	20,500	19,452	39,952
Profit for the year	-	4,423	4,423
Other comprehensive income	-	(480)	(480)
<b>At 31 December 2015</b>	<u>20,500</u>	<u>23,395</u>	<u>43,895</u>

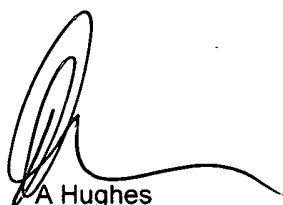
**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**STATEMENT OF FINANCIAL POSITION  
At 31 December 2015**

	<b>Note</b>	<b>2015 £000</b>	<b>2014 £000</b>
<b>CURRENT ASSETS</b>			
Stock	8	145,221	88,558
Debtors	9	127,888	127,541
Cash at bank		<u>17,114</u>	<u>23,283</u>
		290,223	239,382
<b>CREDITORS:</b> amounts falling due within one year	10	<u>(244,947)</u>	<u>(198,604)</u>
<b>NET CURRENT ASSETS EXCLUDING PENSION LIABILITY</b>		45,276	40,778
Defined benefit pension liability		<u>(1,381)</u>	<u>(826)</u>
<b>NET ASSETS</b>		<u>43,895</u>	<u>39,952</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	20,500	20,500
Profit and loss account	12	<u>23,395</u>	<u>19,452</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>43,895</u>	<u>39,952</u>

The notes on pages 13 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24<sup>th</sup> March 2016.



A Hughes

DIRECTOR

24th March 2016

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
At 31 December 2015**

**1. ACCOUNTING POLICIES**

**Statement of compliance**

FCA Dealer Services UK Ltd is a limited liability company incorporated in England. The Registered Office is Fiat House, 240 Bath Road, Slough, Berkshire SL1 4DX.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2015.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 17.

The company meets the requirements for a qualifying entity under FRS102 and has therefore taken advantage of the reduced disclosures for subsidiaries allowed under the standard. The company has taken advantage of the following exemptions:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirement of Section 33 Related Party Disclosures paragraph 33.7;
- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of Section 11 paragraphs 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c)

**Basis of preparation**

The financial statements of FCA Dealer Services UK Ltd were approved for issue by the Board of Directors on 16<sup>th</sup> February 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Pension and other post-employment benefits**

The company provides pension arrangements to a number of full time employees operated through a defined benefit scheme, which is operated by a related company Fiat Chrysler Automobiles UK Limited. The Trustee board is legally responsible for the administration and payment of pensions in accordance with the Trust Deed. The Managing Companies, Fiat Chrysler Automobiles N.V. and Fiat Chrysler Automobiles UK Ltd and Participating Employers are legally responsible for making ongoing and deficit contributions to the scheme in accordance with the Trust Deed and scheme rules. Each of FCA Dealer Services UK Ltd, FCA Automotive Services UK Ltd and FCA Fleet Services UK Ltd are Participating Employers.

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 14.

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2015**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Revenue recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

**Turnover**

Turnover mainly represents income earned under stocking loans and associated services and dealer financing activities including acquisition of invoices from the manufacturer, offered to the Fiat, Alfa Romeo, Chrysler, Jeep, Maserati and Ferrari dealer networks in the United Kingdom. Turnover includes all income earned from operations in UK. Interest is accounted on a time proportion basis taking into account the effective rate on the transaction. Turnover is exclusive of Value Added Tax and trade discounts.

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**Stocks**

Stock comprises new FCA Group cars and LCV that are valued at invoice price less provisions for impairment.

**Trade receivables**

Trade receivables are measured at fair value on initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

**Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade payable is mainly represented by amounts due to the manufacturer (a related party) for new vehicles sold not yet paid.

**Amounts owed to group undertakings**

The majority of amounts owed to group undertakings comprise loans. These are stated at the cost plus interest which is accrued on a daily basis.

The remaining amounts due to group undertakings comprise recharges of administration costs and are recorded at transaction price.

**Foreign currency**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet dates. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction. Exchange gains and losses are recognised in the Profit and Loss account.



**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest).

**Provision for bad and doubtful debts**

Credit risk on exposure to dealers is mitigated by way of charge on the vehicles financed, other securities such as bank guarantees, charge on properties and other collateral. The level of securities depends on the financial strength of the dealerships as assessed in line with long established group policies.

The company follows the group guidelines on the recommended level of provisions for its dealer financing business. Provisions are also made on account of specifically identified dealer finance receivables and as per recommendations of the credit committee. Loan loss provisions are not made at the initial recognition date. Debt which is individually significant is tested for objective indication of impairment and tested for actual impairment on an individual basis. All other impairment is tested on a collective basis.

**De-recognition of financial assets and liabilities**

Transfers of financial assets and liabilities are assessed to determine if assets can be derecognised. The Company derecognises financial assets when significantly all the risks and rewards of the asset are transferred. If significantly all the risks and rewards of the asset are retained, the Company retains the financial assets on its balance sheet with an associated liability for consideration received.

**FCA DEALER SERVICES UK LTD  
(FORMERLY FGA WHOLESALE UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2015**

**2. TURNOVER**

The whole of the turnover is attributable to dealer consignment and other stocking facilities net of value added tax.

	2015	2014
	£000	£000
Interest income	4,394	7,137
Fees and commissions	3,640	740
	<u>8,034</u>	<u>7,877</u>

All turnover arose within the United Kingdom.

**3. ADMINISTRATIVE EXPENSES**

In 2014, bad debt provisions of £4.9m were released as they were no longer required which resulted in negative administration costs. During 2015, a further £1.2m was released in respect of Jaguar Landrover as this provision was not required.

**4. AUDITOR'S REMUNERATION**

The remuneration of the auditors or its associates is further analysed as follows:

	2015	2014
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	32	20
<b>Total</b>	<u>32</u>	<u>20</u>

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**5. STAFF COSTS**

Staff costs

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	504	473
Social security costs	95	63
Other pension costs	92	169
	<u>691</u>	<u>705</u>

Included in other pension costs are £71,879 (2014: £147,443) in respect of the defined benefit schemes and £19,685 (2014: £21,142) in respect of the defined contribution scheme.

The average monthly number of employees during the year was made up as follows:

	<i>2015</i>	<i>2014</i>
	<i>No.</i>	<i>No.</i>
Administration	<u>10</u>	<u>11</u>

Directors' remuneration

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Aggregate remuneration in respect of qualifying services	<u>291</u>	<u>551</u>

The directors of the company are also directors of fellow subsidiaries, all of which were paid by the fellow subsidiary FCA Automotive Services UK Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary companies.

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**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £000	2014 £000
Amounts payable to group companies	4,848	3,239
Other interest payable	-	289
Interest attributable to pension fund liability	109	115
	<u>4,957</u>	<u>3,643</u>

**7. TAXATION**

The tax charge comprises:

	2015 £000	2014 £000
UK corporation tax at 20.5% (2014: 21.5%)	1,110	2,027
Adjustments in respect of prior periods	(5)	3
Total current tax	<u>1,105</u>	<u>2,030</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	12	8
Impact of change in tax laws and rates	(1)	-
Total deferred tax	<u>11</u>	<u>8</u>
Tax on profit on ordinary activities	<u>1,116</u>	<u>2,038</u>
Tax included in the statement of total other comprehensive income:		
<i>Deferred tax:</i>		
Actuarial loss on pension scheme	(122)	(60)
Effect on decreased tax rate on deferred tax balance	30	-
Total current tax	<u>(92)</u>	<u>(60)</u>

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**7. TAXATION (continued)**

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2015 £000	2014 £000
Profit on ordinary activities before tax	<u>5,539</u>	<u>9,357</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.5% (2014 – 21.50%)	1,122	2,011
Expenses not deductible for tax purposes (including goodwill amortisation)	-	26
Adjustments in tax laws and rates	(1)	-
Prior year adjustment	<u>(5)</u>	<u>1</u>
Total tax expense	<u>1,116</u>	<u>2,038</u>

**Change in corporation tax rate**

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted in Finance Act 2013 and took effect from 1 April 2015. The Finance Act (No. 2) 2015 provides for a further reduction in the main rate of Corporation Tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

Under FRS102 deferred tax balances should be calculated at the rate at which they are expected to unwind, based on the tax rates that have been substantively enacted or enacted at the balance sheet date. The corporation tax rate of 18% was substantively enacted on 26<sup>th</sup> October and accordingly this rate has been applied in the measurement of the Company's deferred tax assets and liabilities at 31 December 2015. The deferred tax balances may unwind, in full or in part, before the 1 April 2020 which would mean the company would obtain tax relief at a higher tax rate. The maximum possible effect of this would be to increase the value of the deferred tax asset by £28k from that recognised on the balance sheet.

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**7. TAXATION (continued)**

The deferred tax included in the balance sheet is as follows:

**Deferred tax assets**

	2015 £'000	2014 £'000
Other timing differences	-	2
Pension fund liability	248	165
Deferred tax asset as at 31 December	<u>248</u>	<u>167</u>

**Deferred tax in the income statement**

Other timing differences	2	(2)
Pension deficit	10	10
Change in tax laws and rates	(1)	-
	<u>11</u>	<u>8</u>

There is no deferred tax liability arising at 31 December 2015 or 31 December 2014

Deferred tax asset as at 1 January	167	115
Amount credited to OCI	92	60
Deferred tax per income statement	(11)	(8)
Deferred tax asset as at 31 December	<u>248</u>	<u>167</u>

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**8. STOCK**

	2015 £000	2014 £000
Finished goods and goods for resale	<u>145,221</u>	<u>88,558</u>

Stock comprises wholly of new cars and light commercial vehicles held in depot or dealer premises for resale. Impairment provisions were £nil (2014: £nil) and no impairment was changed to the income statement in the year (2014: £nil).

**9. DEBTORS**

	2015 £000	2014 £000
Gross trade debtors	131,506	133,733
Less provision for bad and doubtful debts	(3,866)	(6,359)
Deferred tax asset	248	167
Total trade debtors	<u>127,888</u>	<u>127,541</u>

Movement on provision for bad and doubtful debts

	2015 £000	2014 £000
At 1 January	6,359	9,275
Charge for the year to profit and loss account	(2,412)	(4,944)
Utilisation	(81)	2,028
Total at 31 December	<u>3,866</u>	<u>6,359</u>

All debtors fall due within one year with the exception of the deferred tax asset.

**10. CREDITORS: amounts falling due within one year**

	2015 £000	2014 £000
Trade creditors	13,945	14,084
Amounts owed to other group undertakings	223,501	178,715
Corporation Tax Payable	458	1,063
Accruals and deferred income	7,043	4,742
Total creditors	<u>244,947</u>	<u>198,604</u>

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**11. ALLOTTED AND ISSUED SHARE CAPITAL**

	2015	2014
	£000	£000
<b>Authorised</b>		
20,500,000 Ordinary shares of £1 each	<u>20,500</u>	<u>20,500</u>
<b>Allotted, called-up and fully paid</b>		
20,500,000 Ordinary shares of £1 each	<u>20,500</u>	<u>20,500</u>

**12. PROFIT AND LOSS ACCOUNT**

	2015 £'000	2014 £'000
At 1 January	19,452	12,390
Profit for the financial year	4,423	7,319
Other comprehensive income	(572)	(317)
Deferred tax on comprehensive income	92	60
At 31 December	<u>23,395</u>	<u>19,452</u>

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2015 £'000	2014 £'000
Profit for the financial year	4,423	7,319
Other comprehensive income	(572)	(317)
Deferred tax on comprehensive income	92	60
Net increase to shareholders' funds	<u>3,943</u>	<u>7,062</u>
Opening shareholders' funds	<u>39,952</u>	<u>32,890</u>
Closing shareholders' funds	<u>43,895</u>	<u>39,952</u>



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**14. PENSION OBLIGATIONS AND OTHER POST- RETIREMENT BENEFITS**

The Company provides pension arrangements for a number of its full time employees through the Fiat Group Pension Scheme, a defined benefit pension scheme. It is a The Trustee board is legally responsible for the administration and payment of pensions in accordance with the Trust Deed. The Managing Companies, Fiat Chrysler Automobiles N.V. and Fiat Chrysler UK Ltd and Participating Employers are legally responsible for making ongoing and deficit contributions to the scheme in accordance with the Trust Deed and scheme rules. Each of FCA Dealer Services UK Ltd, FCA Automotive Services UK Ltd and FCA Fleet Services UK Ltd are Participating Employers.

The latest valuation of the group scheme was completed at 31 March 2012 and has been used to undertake a valuation under the principles of Financial Reporting Standard 17 - Retirement Benefits. This has been updated for the purposes of FRS102 requirements to 31 December 2015 as follows:

	31 December 2015 £000	31 December 2014 £000
Total market value of assets	131,721	128,078
Present value of scheme liabilities	(189,578)	(175,849)
Group net pension deficit	<u>(57,857)</u>	<u>(47,771)</u>
	%	%
<b>Key assumptions were:</b>		
Rate of increase of salaries	2.90	2.85
Rate of return of assets	3.80	3.60
Discount rate	3.80	3.60

The Fiat Group Pension Scheme was closed for new entrants with effect from 31st December 2005. During the year the company made contributions of £132,879 (2014: £146,207) into the scheme. In respect of funding the shortfall in funding and in accordance with the recovery plan and agreed schedule of contributions dated 23<sup>rd</sup> July 2013, the company will make monthly payments of £7,324 for a period of nine years from this date. In total, the company expects to contribute approximately £132,171 to the Fiat Group Pension Scheme defined benefit scheme in 2016. The company has recognised its portion of the scheme's funding shortfall as a liability on the balance sheet as part of the conversion of the accounts to FRS102.

From 1st January 2006, new employees can participate in the Fiat Group Money Purchase Scheme, a defined contribution pension scheme. During the year the company made contributions of £19,685 (2014: £21,142) into the scheme.

**Share of Fiat Group Pension Scheme Analysed by Liability Value:**

	2015 £'000	2014 £'000
Opening balance	(826)	(573)
Gains/(losses) on liabilities	(537)	(433)
Gains/(losses) on assets	(66)	133
Current service cost less employee contributions	(57)	(45)
Interest cost	(109)	(115)
Expected return on plan assets	81	91
Employer contributions	133	116
Closing balance	<u>(1,381)</u>	<u>(826)</u>

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**15. RELATED PARTY TRANSACTIONS**

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into and trading balances outstanding at 31 December are as follows:

	<b>Sales to related party</b>	<b>Purchases from related party</b>	<b>Amounts owed from related party</b>	<b>Amounts owed to related party</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Entities with control over the company				
2015	469	71,893	40	223,691
2014	37	43,409	37	3,018
Entities with which the company shares joint management				
2015	-	-	-	-
2014	-	-	-	-
Entities that are members of the wider FCA Group but have limited or no influence				
2015	229	1,501,648	229	14,657
2014	117	1,360,026	117	13,714

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement is expected within 30 days of invoice. The company has not provided or benefitted from any guarantees for any related party receivables or payables. During the year ended 31st December 2015 the company has not made any provision for any doubtful debts relating to amounts owed by related parties (2014: £nil).

Interest on loans from related parties is calculated at LIBOR rate plus a margin.

**16. ULTIMATE CONTROLLING PARTY**

FCA Bank SpA, a company registered in Italy, is the immediate holding company. FCA Bank SpA is the parent undertaking of the smallest and largest group of which the company is a member and for which consolidated accounts are drawn up. FCA Bank SpA is owned 50% by FCA Italy SpA, the wholly owned subsidiary of Fiat Chrysler Automobiles NV and is owned 50% by CA Consumer Finance SA (the wholly owned consumer credit subsidiary of Crédit Agricole S.A.) Consolidated accounts of FCA Italy SpA may be obtained from the company secretary, FCA Bank SpA, Corso Giovanni Agnelli 200, Turin, Italy.

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**17. TRANSITION TO FRS 102**

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact from the transition to FRS 102 is as follows:

	£000
<b>Reconciliation of equity as at 1st January 2014</b>	
Equity shareholders' funds under UK GAAP	33,341
Holiday pay accrual	-
Pensions – recognition of Defined Benefit scheme liability	(573)
Deferred tax	122
<b>Equity shareholders' funds under FRS102 as at 1st January 2014</b>	<u>32,890</u>

	£000
<b>Reconciliation of equity as at 31st December 2014</b>	
Equity shareholders' funds under UK GAAP	40,630
Holiday pay accrual	(19)
Pensions – recognition of Defined Benefit scheme liability	(826)
Deferred tax	167
<b>Equity shareholders' funds under FRS102 as at 31st December 2014</b>	<u>39,952</u>

The following were changes in accounting policies arising from the transition to FRS 102:

**Holiday pay accrual**

Under previous UK GAAP, the group did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Group is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by nil and £19,277 for the Company at 1 January 2015 and 31 December 2015 respectively.

**Defined benefit pension scheme**

The company is a member of a group defined benefit pension plan that shares risks between entities under common control (UK Defined Benefit Scheme). Under previous UK GAAP this scheme was accounted for as a defined contribution scheme. Whereas under FRS 102 as the company is the sponsoring employer and therefore is legally responsible for the plan it has recognised the plan in its individual financial statements. At 1 January 2015 and 31 December 2015, the net deficit of the plan was £1,381,000 and £826,000 respectively.

**Deferred tax**

Recognition of the defined benefit pension scheme liability under FRS102 creates a deferred tax asset.